



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

April 18, 2006

Alan Propp
12324 East Bates Circle
Aurora, Colorado 80014

Subject: Deficient Notice of Intention to Commence Small Mining Operations,
Black Sands Holding Company, Black Sands 47287, M0470081, Uintah
County, Utah

Dear Mr. Propp:

The Division of Oil, Gas and Mining has reviewed the referenced Notice of Intention to Commence Small Mining Operations. The following items need to be addressed before the notice can be approved:

1. As now required in rule R647-3-105.2, the notice needs to contain an operations map at a scale of 1"=200' identifying the area to be disturbed; the location of existing or proposed operations, such as access roads, drill holes, trenches, pits, shafts, cuts, and any previous disturbances for which Black Sands is not responsible.

The map received by Fax transmission April 18, 2006, is of the right scale and shows the processing site, but it also needs to show where the mine would be located and the locations of topsoil and overburden piles and similar features..

2. The notice needs to give the legal description of the area to be disturbed, at least to the quarter quarter section.

The Division has determined the reclamation surety amount to be \$18,600 which can be submitted in the form of cash, a corporate surety, a certificate of deposit, or a letter of credit. The Division also requires that you submit a completed reclamation contract. Please contact Beth Ericksen at 801-538-5318 or bethericksen@utah.gov for information about submitting the reclamation contract and surety.

Enclosed with this letter is a report for an inspection conducted April 13, 2006. Please note the concerns expressed in the conclusions and recommendations

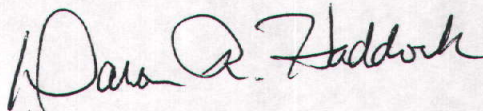
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portion of this report. The Division is troubled about the lack of care used when setting up the site. Most of these problems can be corrected, but once topsoil is wasted, it cannot be recovered. Please take necessary steps to avoid enforcement action once your notice of intention is approved.

The notice indicates Black Sands Holding Company is seeking approval from the Division of Water Quality to operate the processing facilities. Water Quality's process is separate from that of the Division, so approval from the Division will not constitute approval from Water Quality.

If you need further information about the required map or legal description, or if you have other questions, please contact Paul Baker at 801-538-5261 or me at 801-538-5258. Thank you for your cooperation.

Sincerely,


for Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:PBB:pb
Enclosure: Reclamation Contract
cc: Will Stokes, SITLA
Frank Ginton, Black Sands
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